Clauses 48 to 54.

Clauses 48 to 54, were put and carried.

The clauses were added to the Bill.

The Preamble was also put and carried.

It was added to the Bill.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that the Bill, as now settled by the Council, be taken up at a subsequent meeting and passed.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

The motion, that the Bill be taken up and passed at a subsequent meeting, was put and carried.

THE TRAVANCORE PROVIDENT INSURANCE SOCIETIES BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I rise to introduce a Bill to provide for the regulation of the Provident Insurance Societies in the State. The Bill has been published in the *Gazette*, with a statement of objects and reasons; and I beg to move that the Bill be read in Council.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second it.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Will the member please tell me the date on which the Bill was published in the *Gazette*?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Last Tuesday.

I shall now briefly explain the principles involved in this Bill. Recently in Travancore, the activity in the promotion of these provident insurance companies has been very great, and we have during the last two or three years about 150 companies started for carrying on life assurance and provident insurance business. It has been considered expedient that they should be brought under control as elsewhere. In British India there is an Act imposing control on the working of the provident insurance societies, and the Bill that is now placed befroe the Council is only an adaptation of that Act. The main principle involved in this Bill is that the provident insurance societies, those which come under the definition of that term in this Bill, will be subject to certain control by the Government, the chief of which is that they should be registered by the Registrar appointed by Government and should be subjected to enquiry and investigation by the Registrar on his own motion. If they are found to be unworkable, or if they are found to do business fraudulently, their registration may be cancelled, and, once their registration is cancelled, they would not be able to collect premiums. I do not wish to detain the Council over this Bill. If the Council agrees to the principle of the Bill, the details may be left to the Select Committee.

MR. K. GOPALAKRISHNA PILLAI (*Parur*): Is the member aware that there are in existence societies of this kind which have not been registered? May I know how many of such societies, have, so far been registered voluntarily?

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MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): So far, within the last two or three years, 115 societies have been voluntarily registered under the Companies Regulation.

MR. K. GOPALAKRISHNA PILLAI (*Parur*): The present companies are also registered; and so, after all, nothing more is to be done by the present Bill?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): The control that may be exercised under the Companies Regulation is not so very effective as that which is intended to be exercised under this enactment.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Is there any control which can be exercised under the Companies Regulation?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Hardly any.

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): Sir, I rise to support the principle of the Bill. As observed by the Law Member, in recent years, there has been a large number of insurance schemes coming into existence. Almost in every newspaper, we find several columns filled by advertisements of schemes of the insurance type. These schemes attract all sorts of people and offer easy terms on small subscriptions as a result of which people, literate as well as illiterate join such schemes. Funds are thus available for the promoters of such companies. It is only expedient that such schemes should be brought under sufficient control. Registration is one method of such control, and that has been provided for in the Bill. Under the Regulation, these Companies are required to keep accounts and to publish statements of their income and expenditure periodically, so that people might know how they collect money and also how the money is expended, whether properly or improperly. If there is no check, it is probable that many bogus companies may spring into existence and deceive the people.

MR. E. V. KRISHNA PILLAI (*Kottarakara* cum *Kunnattur*): What is the provision in the Bill in favour of those persons who have paid money to companies which do not get themselves registered and which afterwards disappar?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): One clause provides for the appointment of liquidators, and any further defect as pointed out by my friend may be cured or rectified by the Select Committee which scrutinises this Bill.

MR. M. GOVINDAN (*Nominated*): Is there any provision in the Bill which requires the company to deposit a portion of the collections with the Government?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): I do not think there is any such provision. Under clause 17 (3), a security is required of people who may wish to conduct an enquiry into the conduct of the promoters.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it an advantage to the policy-holders?

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MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): I do not think it is; and am therefore of opinion that that provision is unnecessary. That provision only hampers the chance of any enquiry being held into the conduct of the promoters of these companies.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): Is the security obligatory?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): It is not obligatory, but very often it may be required.

MR. K. GEORGE (*Chief Secretary to Government*): Cannot the Registrar start an enquiry on his own motion?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): An enquiry may be started on his own motion. There are also clauses in the Bill which provide for penalty in the case of offences.

This Bill may be a sufficient check on the new type of companies; and the companies also will conduct their business properly. But, towards the end of the Bill, clause 26 is a saving clause. I do not see why that clause should form part of the Bill. That clause has to be deleted; and *all* the companies, now in existence or are likely to come into existence, should be brought under the control of Government. No company need be specially exempted. The Bill should apply to *all* such companies. With these words, I support the principle of the Bill.

MR. P. S. MAHOMED (*Nominated*): പ്രൊവിഡന്റ് സൊസൈറ്റി എന്നുള്ള പേരിൽ ഈ രാജ്യത്ത് ധാരാളം സൊസൈറ്റികൾ വർദ്ധിച്ചു വരുന്നുണ്ട്. എന്നുള്ള സംഗതി ലാമെംബർ ഇവിടെ പ്രസ്താവിച്ചുകഴിഞ്ഞു. അതിനുള്ള പ്രധാനകാരണങ്ങളിൽ ഒന്ന് വലിയസംഖ്യകൾ ഒന്നാതന്നെ മുടങ്ങാതെ കമ്പനിയടങ്ങി അതിൽനിന്നും കൂടുതൽ ആദായം എടുക്കുന്നതിനുള്ള സൂത്രമുമാണ്. മറ്റൊന്ന് ഈ ഏർപ്പാടിൽനിന്നും കിട്ടുന്ന സംഖ്യയിൽ അവകാശികൾക്ക് കൊടുക്കുന്ന തുകകഴിച്ച് ബാക്കിസംഖ്യ ഏതുവിധത്തിലും ഉപയോഗിക്കാനുള്ള തടസ്സമില്ലായ്മയാണ്. ഇങ്ങിനെ ബുദ്ധിപൂർവ്വമായും കൂടുതൽ ആദായം എടുക്കത്തക്കനിലയിലും ബുദ്ധിമാന്മാരായ ആളുകൾ പ്രവേശിച്ച് ധനസമ്പാദനമാർഗ്ഗം വളർത്തുകയാണെങ്കിൽ അതിന് അവരെ കുറ്റപ്പെടുത്താനില്ല. എന്നാൽ ഇവകസൊസൈറ്റികളിൽ ചേരുന്നത് സാധാരണയായി സ്ത്രീകളാണ്. കൂലിവേലക്കാർ അതുപോലെയുള്ള മറ്റുതരം ജോലിക്കാർ, ഇവക്ക് ഒരിക്കലും ഉദ്ദേശിക്കാൻപോലും നിവൃത്തിയില്ലാത്ത ഒരു വലിയ സംഖ്യ അവരുടെ മരണശേഷം വിധവയ്ക്കും കുട്ടികൾക്കും ഒരുമിച്ചു കിട്ടുമെല്ലോ എന്നുള്ള ഉദ്ദേശത്തോടുകൂടിയാണ് ഈ സൊസൈറ്റികളിൽ ചേരുന്നത്. കമ്പനി നടത്തിവരുന്ന ആളുകൾക്ക് മറ്റുള്ളവരെ ചതിക്കണമെന്നുള്ള ഉദ്ദേശമില്ലെങ്കിലും വലിയസംഖ്യകൾ ധാരാളമായി അവരുടെ കയ്യിൽ വന്നുചേരുകയും അതിനെ യാതൊരു ക്രമീകരണവും കൂടാ

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[Mr. P. S. Mahomed.]

തെ സ്വാതന്ത്ര്യമായി കൈകാര്യംചെയ്യുന്നതിന് അവസരംവരികയും ചെയ്യുമ്പോൾ നല്ല ആളുകളാണെങ്കിലും അവർ അറിയാതെതന്നെ അവരെ ദുഷിപ്പിക്കത്തക്ക ദുസ്വഭാവങ്ങൾ വന്നുചേരുന്നതാണ്.

MR. A. NARAYANA PILLAI (*Vaikom*): അങ്ങിനെയുള്ളവരെ നിയന്ത്രിക്കുന്നതിനുള്ള വല്ല വകുപ്പുകളും ഈ ബില്ലിൽ ഉണ്ടോ?

MR. P. S. MAHOMED (*Nominated*): അവരെ നിയന്ത്രിക്കുന്നതിനുള്ള വകുപ്പുകളും ഇതിൽ ഉൾപ്പെടുത്തണം. ഇതുപോലെ മറ്റു് ഇൻഷ്വറൻസ് കമ്പനികളെയും കൂടുതലായിശ്രദ്ധിക്കേണ്ടതുണ്ട്. ഇവകളിൽ ചേരുന്നതു് ധനസ്ഥിതിയില്ലാത്ത വെറും സാധുക്കളായതുകൊണ്ടു് അവരെ എക്സ്പ്ലായിറ്റ് ചെയ്യുന്നതിന് ബുദ്ധിയും സാമർത്ഥ്യവും ഉള്ളവരെ അനുവദിക്കാൻ പാടുള്ളതല്ല. ഈ ബില്ലുകൊണ്ടു് ഇവയെ രജിസ്റ്റർ ചെയ്യിക്കുന്നതിനുംഅതിന്റെ പരമാർത്ഥങ്ങൾ മുഴുവൻമനസ്സിലാക്കുന്നതിനും കള്ളക്കണക്കുകളുംമറ്റും എഴുതിവയ്ക്കുന്നവരെശിക്ഷിക്കുന്നതിനും സൌകര്യംകിട്ടുന്നതാണ്. ഈ മൂന്നു് സംഗതികളും അത്യാവശ്യമായിട്ടുള്ളതാണു്. എന്നാൽ ഇതുകൊണ്ടുമാത്രം മതിയാകുന്നതല്ല. എത്രയാളുകൾ മെമ്പേർസായിചേരുന്നു? അതുകെ എത്രരൂപാ പിരിയുന്നു? അതിൽമരിച്ചവരുടെ അവകാശികൾക്കു് എത്രരൂപാ കൊടുക്കുന്നു? കൊടുക്കാതിരിക്കുന്ന സംഖ്യഎത്ര? ഇതെല്ലാം വ്യവസ്ഥപ്പെടുത്തണം. രൂപാ അടയ്ക്കാതിരിക്കുന്ന ആളുകളിൽനിന്നും കിട്ടേണ്ട തുക കഴിച്ചു ഒരുസംഖ്യയെ ആണു് വീതിച്ചു കൊടുക്കുന്നതു്. ഇങ്ങനെ അടയ്ക്കാതിരിക്കുന്നവരിൽ ധാരാളംപേരും പിന്നീടു അവരവരുടെ തുകകൾ അടയ്ക്കുന്നുണ്ടു്. ഇങ്ങനെവരുന്ന തുകകൾ വീതിച്ചുകൊടുക്കുന്നില്ല. ഈ കണക്കുകളെ ശരിപ്പെടുത്തിവയ്ക്കുന്നതിനു ബില്ലിൽ വ്യവസ്ഥചെയ്യണം. അങ്ങിനെ ഇല്ലാത്തതിനാൽ ധാരാളം സംഖ്യ ആരും അറിയാതെതന്നെ അവർ എടുക്കുന്നുണ്ടു്. ഈ തരത്തിലുള്ള സംഗതികൾ വരാതിരിക്കുന്നതിനു വേണ്ട വ്യവസ്ഥചെയ്യണം. പിരിച്ചെടുക്കുന്ന സംഖ്യയിൽനിന്നു അവകാശികൾക്കു കൊടുക്കുന്ന തുകപോകെ ഒരു സംഖ്യ ഡിപ്പാസിറ്റായി ഉണ്ടായിരിക്കണം. അതിനു ഈ ബിൽ ഉപയോഗപ്പെടണം. ഇപ്പോൾ ഇങ്ങനെയുള്ള കമ്പനികൾ ധാരാളമുണ്ടു്. കുറെക്കഴിയുമ്പോൾ ഏതാനും കമ്പനികൾ മരിച്ചുപോകേണ്ടതായിവരും. അങ്ങിനെ വരാതിരിക്കുന്നതിനു ഒന്നോ രണ്ടോ മൂന്നോ കമ്പനികൾക്കുടി ചേർത്തുനടത്തുന്നതിനു് സൌകര്യപ്പെടത്തക്ക വകുപ്പുകൾ ഈ ബില്ലിൽ ഉണ്ടായിരിക്കണം. ഇങ്ങിനെ പലസംഗതികളും ഈ ബില്ലിൽ ചേർക്കണമെന്നപേക്ഷിക്കുന്നു.

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MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Sir, in supporting the principle of the Bill I have great pleasure to congratulate the Government in making the right move at the proper time. But I think since most of the provident insurance companies are likely to be insurance companies and since most of the life insurance companies may also happen to be provident insurance companies and since the principle involved in both these measures is the same, it would be better to consider both of them together. I am unable to understand why there should be two separate enactments for this purpose.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Does the member know that there are two Acts in British India?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): I know that. I cannot understand why, because there are two enactments in British India, there should be two Regulations in Travancore also.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Does not the member know that Travancore is unwilling to differ from the Government in British India?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): I do not think so. Even yesterday we were discussing the Width of Tyres Bill which we do not find in British India.

Sir, in this connection, I may refer to the proceedings of the Governor-General's Council.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know how, the member was able to get the proceedings of the Governor-Generals' Council?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Why should the member know that? Anyhow I may assure him that it is not a stolen property.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): Is it a copy of the proceedings of the old Council? I know the proceedings of the new Council are not published.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Yes. The member must have known that the British Indian legislation on the subject is of 1912.

MR. P. S. MAHOMED (*Nominated*): ലൈഫ് അഷ്വറൻസ് കമ്പനികളിൽ സാധുക്കൾക്ക് ചേരാൻ സൗകര്യമില്ലെന്നറിയാമൊ?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): സാധുക്കൾക്കും ധാരാളം ചേരാം. അതിലേയ്ക്ക് യോജിക്കുന്ന വകുപ്പുകൾകൂടി ചേർത്താൽമതി.

ലൈഫ് അഷ്വറൻസ്കമ്പനി എന്നുവച്ചാൽ ഞാൻ ധരിച്ചിരിക്കുന്നത് ഒരു കുറഞ്ഞസമയത്തേ പ്രീമിയംകൊടുത്തേ അയാൾ മരിക്കുന്ന

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[A. S. Damodaran Asan.]

അവസരത്തിലോ മറേറതെങ്കിലും നിശ്ചിതസമയത്തോ ഒരു ക്ലിപ്തസംഖ്യ തിരിയെകൊടുക്കുക എന്നുള്ളതാണു്. ഇതുതന്നെയാണു് ഇൻഷ്വറൻസ് കമ്പനിഎന്നു് പറയുന്നതും ഇതിൽ ലുകകാം ക്രടിയും കുറഞ്ഞും ഇരിക്കുന്നതാണു്.

MR. M. GOVINDAN (*Nominated*): സാധു എന്നുവച്ചാൽ എന്താണു അർത്ഥം?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): പണമില്ലാത്തവർ എന്നാണു് സാധാരണ എല്ലാവരും പറഞ്ഞുവരുന്നതു്. അതിന്റെ സംസ്കൃതാർത്ഥം വേറെ ആയിരിക്കും.

MR. P. S. MAHOMED (*Nominated*): പ്രാവിഡൻറു് ഇൻഷ്വറൻസ് കമ്പനിയിൽ ചേരുന്നതിനു പ്രത്യേകം സൌകര്യമുണ്ടെന്നറിയാമൊ?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): പ്രാവിഡൻറു് ഇൻഷ്വറൻസ് കമ്പനിയിൽ ഒരു നിശ്ചിതസമയം വച്ചിട്ടുണ്ടു്. അതുപോലെയുള്ള ക്ലപ്തസമയങ്ങൾ ലൈഫ് അഷ്വറൻസിവയ്ക്കാവുന്നതാണു്. വച്ചുകൂടെന്നില്ല.

MR. P. S. MAHOMED (*Nominated*): ചില സംഭവങ്ങൾ ഉണ്ടായെങ്കിൽ മാത്രമെ ഇതിൽ ലുകകിട്ടാൻ സൌകര്യം കിട്ടുകയൊള്ളു എന്നല്ലെ നിശ്ചയിച്ചിരിക്കുന്നതു്?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): ബ്രിട്ടീഷിൻഡ്യയിലെ വലിയ ഇൻഷ്വറൻസ് കമ്പനികളെ ഇവിടെ അഞ്ചരലുപാ കൊടുത്തു ചേരുന്ന കമ്പനികളോടു താരതമ്യപ്പെടുത്താൻ പാടില്ല. മരിക്കുന്ന അവസരത്തിലൊ അല്ലെങ്കിൽ ക്ലപ്തമായ വയസ്സിലൊ ഒരു ശരിയായ സംഖ്യ കിട്ടത്തക്കവണ്ണം കുറേശ്ശ ലുപാ അടച്ചുതീക്കണമെന്നാണു് ഇതിന്റെ പൊതുവെയുള്ള തത്വം.

So, I think there would not be much difficulty in considering these two Bills together. It could certainly be tried whether we cannot manage with one Bill. I am not unaware of the fact that there are certain differences in certain matters between the two kinds of companies. But such differences cannot stand in the way of our considering the two Bills together.

There is one point, Sir, which I have to make special mention of, namely, these provident insurance societies are likely to attract mostly the poor people in the country. So, it is the interests of the poor that this Provident Insurunce Societies Bill seeks to protect. As Mr. Mahomed observed, there are only three ways in which Government can regulate or supervise the working of the provident insurance companies. It is

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very desirable to provide that these companies must furnish some security or deposit some money with Government or with some responsible bank, to ensure that the promise, that they have held out to the poor people, would be fulfilled. I have no objection to the minimum amount of such deposit being reduced in the case of these companies. It need not be Rs. 25,000 in the case of these companies, as prescribed in the other Bill. But, there must be no exception to this rule. All the insurance companies must be compelled to deposit some security so that there would be a guarantee that they would be worked properly.

Mr. E. V. Krishna Pillai has been asking as to what is to be done in the case of insurance societies already started, societies which are not going to be registered under this Bill. I daresay, the policies will have the force of valid contracts under which the repayment of the money, with other benefits, can be enforced. Clause 25 of this Bill also provides that payments so made would not be void.

With these observations, I support the principle of the Bill.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Sir, I also congratulate the Government for asking the Law Member to come forward with this Bill at a time when it has become absolutely necessary for the protection of the people. But, I am sorry that this Bill does not meet the demands of the occasion.

Sir, the Law Member has told us that there is some principle underlying the Bill, that that principle may now be accepted, and that the necessary changes may be effected in the Select Committee. Personally, I am unable to see any principle involved in this Bill except the principle that the Government feel that some sort of legislation *is* necessary or has now become necessary, in this matter in order to protect the people of the country. That, Sir, I believe, cannot be said to be a principle underlying a piece of legislation. Something more tangible than the mere statement by the Law Member that the principle of the Bill may be accepted by the House, is necessary in order that it may be called 'the principle underlying the Bill' in the true sense of the expression. I shall now proceed to substantiate my statement that really there does not seem to be any principle underlying this piece of legislation.

My friend Mr. Asan has been suggesting that it would be better to amalgamate the two Bills. Sir, I may point out to him that the necessity for two Bills on insurance societies has arisen here because there are two such enactments in British India on insurance. And, the amalgamation of the provisions in both the enactments involve some time and some better attention, particularly because suitable changes have to be effected to make it applicable to local conditions. As the Law Member said, it is not more than a week or ten days since this Bill was published in the Gazette. From that the House can infer the haste with which the Bill has been prepared, or rather the lack of time at the disposal of the Law Member to prepare a more considered Bill.

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[Mr. S. Krishna Pillai.]

One reason why I say that this Bill lacks any principle is this. Clause 3 of the Bill says :

"Nothing in this Regulation shall apply to any Provident Insurance Society....., which undertakes to pay.....an annuity exceeding fifty rupees or a gross sum exceeding five hundred rupees, or which receives.....contribution.....exceeding two hundred and fifty rupees....."

Sir, it is well known that many of the prospectuses published by these societies do not contain any undertaking to pay *any* definite sum. This Bill is sure to be rendered infructuous on account of the existence of this one provision in it. This House knows full well that the Chitties Regulation was brought into being at a time when it was considered absolutely necessary for the safety of the people of Travancore. That piece of legislation was rushed through the Council, and it has been on our Statute Book all these years. It is now well known that that Regulation has now been rendered inoperative, practically, on account of the inadequacy of the provisions contained in it. The object of that Regulation was to control all the *chitties* in the State. We now find that there is not one *chitty* which is under control. We now find a lot of *kuri chitties* to which our present Chitties Regulation does not apply at all. There are several provisions in the Regulation for safeguarding the interests of the people. We now find that every one of those provisions is being avoided by the foremen ; The spirit of the enactment has been forgotten, and the wording of it is inadequate for our present needs. Similarly, Sir, if this Bill is now introduced and if it becomes law, you will find that in no time the provisions of it are violated, cleverly evaded, by people who organise these societies. Within a very short time after the passing of this enactment, you will find that there is not one such society in the whole State which would come under the purview of this measure.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*) : Does the member think that any society can evade the provision contained in clause 15 ?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : Why should my friend go so far as clause 15 ? Any society may come forward and say that the whole enactment does not apply to it since it does not come within the definition contained in clause 3. There is no society at present in Travancore which guarantees the payment of any definite sum to any policy-holder.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*) : But, is there not the other alternative, namely, of the policy-holders paying definite sums to the societies ? That will bring them under the definition.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : By itself, I do not think this Bill would cover the cases of all societies now in existence in Travancore.

MR. A. THANU PILLAI (*Trivandrum*) : Along with the other Insurance Bill, does not the member hope that this Bill would cover all cases ?

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MR. S. KRISHNA PILLAI (*Karunagapalli*) : I am very pessimistic about it; because, the two Bills draw certain well-defined distinctions between the two classes of insurance societies.

MR. A. S. DAMODARAN ASAN (*Mavelikara cum Kartikapalli*) : Does not the member see that this Bill would apply to all insurance societies which do not assure payment of more than five hundred rupees?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : This Bill alone applies to provident societies. It is clearly stated in the other Bill that it does not apply to provident societies. So, if a provident society is started without undertaking to pay any amount or with suitable terms of payment or contribution to escape from the provision in this Bill it can very well escape from both these Bills.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : May I point out to my friend that every insurance society, is according to the definition, a provident society?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : There is a lot of difference between the definitions in the two Bills. And, if, according to my friend, every insurance society is a provident society according to the definition of the latter, then, why provide an exception, in the Life Insurance Bill, to the effect that that Bill would not apply to societies to which this Bill would apply?

MR. K. P. ABRAHAM (*Muvattupuzha cum Todupuzha*) : May I know whether there is any inconsistency between the two Bills?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : There *is*; and a good lot of inconsistency. You will find that the law applicable to societies coming within the purview of this Bill will not be applicable to the societies coming within the purview of the other Bill. And then, there must be some distinctive feature to enable us to distinguish the two kinds of societies. Now, there seems to be considerable room for difference of opinion in regard to that. All that I say is that there is ample scope for evading this enactment as these societies are at present constituted.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*) : Will the member clearly explain how it would be possible to evade the provisions of this Bill?

MR. S. KRISHNA PILLAI (*Karunagapalli*) : I doubt very much whether the member, who now puts questions to me, had not much to do with the drafting of this Bill; because, it is natural, Sir, that the draftsman or the originator does not find any error or defect in the Bill he has drafted. Sir, my own impression on going through these two Bills is that there is much scope for evading them. I am sure that, those who do not accept my statement now will find later on that what I say now has become true. It was for this purpose that I invited the attention of the House to the Chitties Regulation. We are now having a lot of *kuri chitties* which do not come within the definition of *chitty* in the Chitties Regulation; and the High Court have

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[Mr. S. Krishna Pillai.]

held that these *kuri chitties* are not lotteries. My own fear is that the present Bill will land us in similar difficulties.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): Does not the member think that the provision contained in clause 4 is sufficient to avoid any such contingency?

MR. S. KRISHNA PILLAI (*Karunagapalli*): Clause 4 says:

"No provident.....society shall receive any premium.....for insuring money to be paid on the death of any person other than the person paying such premium.....or the wife, husband, child, parent, brother or sister of such person."

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): "*No*.....society *shall* receive any premium....."

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated*), *Deputy President*): Do you not think, Mr. Krishna Pillai, that the definition of provident insurance society, contained in sub-clause (8) of clause 2, is sufficiently comprehensive?

MR. S. KRISHNA PILLAI (*Karunagapalli*): I have my own doubts, Sir.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): What has the member to say about clause 7? It says:

"*No* provident insurance society *shall* receive *any* premium.....*unless it is registered*....."

MR S. KRISHNA PILLAI (*Karunagapalli*): I quite see that. But before coming to clause 7, I would like to point out one serious mistake found in clause 6. Clause 6 contemplates the coming into existence of an officer with extraordinary powers. That clause says that the Registrar appointed by Government shall have power to refuse to register any society on the pretext that it does not satisfy certain rules. May I ask the member, who has drafted this Bill, to tell me what exactly are the rules that he has in view? Does not this provision of this Bill invest an officer of Government with extraordinary powers of refusal? Is he bound to assign any reason for such refusal? Is there any provision in the Bill to the effect that some particular rule shall form part of the prospectus of the society, any provision in the Bill to the effect that, under certain circumstances, no company shall be conducted; any provision—I again ask—which entitles a person, on satisfying certain conditions, to have his company registered.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): May I draw the attention of my friend to clause 5 of the Bill?

MR. S. KRISHNA PILLAI (*Kurunagapalli*): All that clause 5 says is:

"Every provident.....society shall,...

(*a*) specify the object, name.....;

(*b*) prescribe the proportion of the annual income of the society.....;

(*c*) ....., provide for the payment of all debts due.....; and

(*d*) provide for any other matters which may be prescribed."

Does it say that, if these conditions are satisfied, the Registrar is bound to register the society?

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated*), *Deputy President*): Clause 4 (*d*) says:

"(*d*) provided for any other matters which may be prescribed."

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MR. S. KRISHNA PILLAI (*Karunagapalli*): ".....prescribed.....", by whom?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Clause 2, sub-clause (7), says that "prescribed" means prescribed by rules made under this Regulation."

MR. S. KRISHNA PILLAI (*Karunagapalli*): That is exactly my complaint. Why not these rules form part of the Bill, so that they may be considered by this House? As it is, the framing of the rules is entirely left to the discretion of Government.

Clause 6, sub-clause (1), says that every provident society should get registered within three months from the commencement of this Regulation. What are these societies, or rather the people, to do during these three months?

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): May I draw the attention of my friend to clause 20?

MR. S. KRISHNA PILLAI (*Karunagapalli*): It provides that if the Registrar refuses to register, the society can prefer an appeal. What is it that such societies would ordinarily do to avoid going to civil courts? They would, of course, try their best to satisfy the officer; and I need not expatiate on the sort of situation that would be created if the officer happens to be an unscrupulous person. Sir, there ought not to be *any* provision in *any* enactment vesting *any* person with such extraordinary powers as would tend to the perversion of justice. It is therefore absolutely necessary that the conditions under which a society may exist must be definitely stated in the enactment itself. It ought not to be left entirely to the discretion of an officer of the Government.

Sir, there is another important matter which has been lost sight of by the framers of this Bill. The eminent advocates of the need for an enactment of this kind, the need for controlling such societies, base their case on one important reason; and that reason has not been countenanced in this Bill. These provident societies are never worked and have never been worked on scientific basis. They have been originated by the exertions of a few energetic men who wanted to do something for the poor people in the country. They are based more on the imagination rather than on any scientific thinking. And, it has been stated by eminent men that these societies would not be able to fulfil all their obligations. I have read reports of these societies and have found out that, in most cases, they are not able to distribute the money due to the policy-holders on the maturity of the policies. (The common rule in the case of most of these societies is that, after the expiry of twelve years of continued payment, the policy would be considered to have matured giving the holder the right to get from the society a definite sum not less than one and a half times the money actually paid to the society.) It has been opined by eminent men that, unless these societies conserved money, it would not be possible for many of them to pay the promised amount to the policy-holders at the date of maturity of their policies. I do not think any provision has been made in this Bill to make these societies conserve some money.....

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MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): Can it not be prescribed by rules to be framed under this enactment?

MR. S. KRISHNA PILLAI (*Karunagapalli*): If every matter is to be provided by rules, there is need only for a one-clause-Regulation, stating, "All provident societies shall hereafter be governed by rules to be framed by Our Government." As I have already stated, Government ought not to be given a free hand, in such matters vitally affecting the people.

MR. M. GOVINDAN (*Nominated*): Will the member kindly point out the provision which gives the Registrar extraordinary powers?

MR. S. KRISHNA PILLAI (*Karunagapalli*): Clause 6 is one.

MR. M. GOVINDAN (*Nominated*): Which sub-clause, please?

MR. S. KRISHNA PILLAI (*Karunagapalli*): Sub-clauses (1), (2) and (3)

MR. M. GOVINDAN (*Nominated*): I am not able to see any extraordinary power there.

MR. S. KRISHNA PILLAI (*Karunagapalli*): It is open to the Registrar to say that the rules of the society or the application for registration is not in conformity with the provisions of the enactment.

MR. M. GOVINDAN (*Nominated*): But, he has to state the grounds for his refusal.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Sub-clause (2) of Clause 6 simply states that if the Registrar is satisfied that the rules of the company comply with the provisions of this enactment, he shall register the society. It is therefore open to him to say, "This rule of yours is bad; the other rule is wrong and not in accordance with the provisions of the Regulation; and so I am not going to register your society now." Where is the provision which enables the society, if it satisfies specified conditions, to claim registration, at the hands of the Registrar, as a matter of right? And, as I have already pointed out, there is also no provision for compelling the societies to put by reserves.

Therefore, Sir, it seems to me that this Bill is extremely unsatisfactory; and Government will do well to withdraw this Bill and to introduce another with suitable provisions and sufficient safeguards for the people. That is the reason why I said even at the outset that there does not appear to be any principle underlying this Bill. The necessity for controlling these societies was keenly felt by the people and later by the Government also; and so a Bill was prepared in haste and introduced in this House.

MR. R. VAIDYALINGAM PILLAI (*Registrar of Co-operative Societies*): The main principle underlying this Bill is that some control is necessary over these societies.

MR. S. KRISHNA PILLAI (*Karunagapalli*): I am prepared to admit that, if that can be called the principle of the Bill. That, perhaps, finds a place in the statement of objects and reasons attached to the Bill. There is not much use in feeling the necessity for exercising

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control. The control sought to be exercised must be effective control. Otherwise, there is no purpose in enacting a measure of this kind. Unless the Select Committee is empowered to make drastic changes in the Bill, even at the risk of their going beyond the scope of the Bill, there is no use in introducing this Bill which does not meet the requirements of the occasion. Otherwise, I oppose the Bill as it stands.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I had very little to do in the real drafting of the Bill; because it is only an adaptation of the Act in British India. That enactment has not been found to be defective or unworkable yet in any way in practical working.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Does the member know that it has not done any advantage to the country where it is in force?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): It has been working fairly well so far as I know for two decades. If any change is considered necessary in this Bill, it can be made in the Select Committee.

I therefore move that the Bill be referred to a Select Committee.

The motion was put and carried.

MR. P. VISVANATHA AIYAR (*Ag. Secretary to Government*): I beg to read the title of the Bill:

"A REGULATION TO PROVIDE FOR THE REGULATION OF PROVIDENT INSURANCE SOCIETIES."

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that the Bill be referred to a Select Committee consisting of:

1. Rao Bahadur A. Venkatarama Aiyar.
2. Mr. A. S. Damodaran Asan.
3. Mr. K. P. Abraham.
4. Mr. K. P. Madhavan Pillai.
5. Mr. K. C. Karunakaran.
6. Mr. S. Krishna Pillai.
7. Mr. R. Nilakanta Pillai.
8. Mr. R. Vaidyalingam Pillai, and
9. Mr. Kayalam Paramesvaran Pillai, and that the Committee should report within four months.

The motion was put and carried.

PRESIDENT: Mr. A. Venkatarama Aiyar will be the Chairman of the Committee.

THE TRAVANCORE LIFE ASSURANCE COMPANIES BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I rise to introduce another Bill, a Bill to provide for the Regulation of the Life Assurance Companies in Travancore. The Bill

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